

**COMMISSION DIRECTIVE**

ADMINISTRATIVE MATTERS	<input type="checkbox"/>	DATE	<u>June 27, 2006</u>
MOTOR CARRIER MATTERS	<input type="checkbox"/>	DOCKET NO.	<u>2004-178-E</u>
UTILITIES MATTERS	<input checked="" type="checkbox"/>		

**SUBJECT:**

DOCKET NO. 2004-178-E – Application of South Carolina Electric & Gas Company for Adjustments in the Company's Electric Rate Schedules and Tariffs – Discuss with the Commission a Request to Amend the Accounting Letter it Issued on June 21, 2000 Related to the Company's Investment in Synthetic Fuel Partnerships.

**COMMISSION ACTION:**

Move to approve SCE&G's requested amendment to the Accounting Letter issued by the Commission June 21, 2000, related to the Company's investment in synthetic fuel partnerships. Specifically, the Company requests a suspension of the \$1.50 per ton discount currently provided to SCE&G on the price of synthetic fuel sold to the Company's electric generating stations. The intent of this amendment and the associated suspension of the discount is to allow the synfuel partnerships to continue to operate in the current period of high oil prices when most synfuel producers cannot generate sufficient tax credits to fund their costs of operation. SCE&G hopes oil prices will eventually stabilize at a level that will sustain profitable operations of their partnership facilities. The Commission recognizes that the synfuel tax credits have benefited SCE&G's customers as the Company has applied them to help defray the cost of the Saluda Dam Remediation Project and also to extend bill assistance to qualifying low-income residential natural gas customers last winter. I recognize that the Office of Regulatory Staff retains full audit rights with respect to these matters. I understand the \$1.50 per ton discount will be accumulated and funded pro rata based on the precise level of tax credits established by the IRS for tax year 2007. I want to make it clear that approval of this request does not prejudice the right of any party to take issue with the amount or with the accounting treatment of these costs in future rate proceedings.

PRESIDING	<u>Mitchell</u>				Session:	Regular
	MOTION	YES	NO	OTHER	Time of Session	<u>2:30 PM</u>
CLYBURN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		APPROVED	_____
FLEMING	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Absent	APPROVED STC 30 DAYS	_____
HAMILTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		ACCEPTED FOR FILING	_____
HOWARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		DENIED	_____
MITCHELL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		AMENDED	_____
MOSELEY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		TRANSFERRED	_____
WRIGHT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		SUSPENDED	_____
					CANCELED	_____
					SET FOR HEARING	_____
					ADVISED	_____
					CARRIED OVER	_____
					RECORDED BY	<u>SCHMIEDING</u>

Commissioner Fleming was on Annual Leave